

LEGISLATURE OF NEBRASKA
ONE HUNDRED FIFTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 217

FINAL READING

Introduced by Harr, 8.

Read first time January 10, 2017

Committee: Revenue

1 A BILL FOR AN ACT relating to law; to amend sections 9-433, 13-509,
2 77-2783, 77-2785, 77-5902, 77-5904, 79-1016, 81-1201.15, 81-1201.20,
3 and 81-12,156, Reissue Revised Statutes of Nebraska, and sections
4 58-708, 69-2710.01, 77-1333, 77-1359, 77-1832, 77-1833, 77-1837.01,
5 77-2503, 77-2506, 77-2604, 77-2604.01, 77-2701, 77-2756, 77-27,238,
6 77-3510, 77-3517, 77-4212, 77-5725, 77-5903, 77-5905, 77-6302,
7 77-6306, 77-6307, and 81-12,153, Revised Statutes Cumulative
8 Supplement, 2016; to change provisions relating to lotteries and
9 raffles, certifying taxable values, the use of funds under the
10 Nebraska Affordable Housing Act, cigarette sales reports, rent-
11 restricted housing projects, assessment of agricultural land and
12 horticultural land, service of notice when applying for a tax deed,
13 laws governing certain tax sale certificates, affordable housing tax
14 credits, statements on income taxes withheld, mathematical and
15 clerical errors in income tax returns, employer tax credits,
16 homestead exemption forms and lists, accrual of interest on denied
17 and reduced homestead exemptions, tobacco product tax returns,
18 property tax credits, property tax exemptions under the Nebraska
19 Advantage Act, confidentiality requirements, taxable valuations for
20 school districts, and economic development projects; to provide for
21 a report regarding certain amendments to the Internal Revenue Code;
22 to eliminate provisions relating to distressed areas in the Nebraska

1 Advantage Microenterprise Tax Credit Act, the Angel Investment Tax
2 Credit Act, and the Business Innovation Act; to eliminate the Low-
3 Income Home Energy Conservation Act; to harmonize provisions; to
4 provide operative dates; to repeal the original sections; to
5 outright repeal sections 66-1013, 66-1017, 66-1018, and 66-1019,
6 Reissue Revised Statutes of Nebraska, and sections 66-1012, 66-1014,
7 66-1015, 66-1016, and 66-1019.01, Revised Statutes Cumulative
8 Supplement, 2016; and to declare an emergency.

9 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 9-433, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 9-433 (1) ~~Any Except as provided in subsection (2) of this section,~~
4 any county or incorporated municipality may, by resolution or ordinance,
5 tax, regulate, control, or prohibit any lottery or raffle within the
6 boundaries of such county or the corporate limits of such incorporated
7 municipality. No county may impose a tax or otherwise regulate, control,
8 or prohibit any lottery within the corporate limits of an incorporated
9 municipality. Any tax imposed pursuant to this subsection shall be
10 remitted to the general fund of the county or incorporated municipality
11 imposing such tax.

12 ~~(2) No licensed organization may conduct a lottery or raffle and no~~
13 ~~person may engage in lottery or raffle activity within the boundaries of~~
14 ~~any Class 6 or Class 7 county as classified under section 23-1114.01 or~~
15 ~~within the corporate limits of any city of the metropolitan or primary~~
16 ~~class until specific authorization has been granted by ordinance or~~
17 ~~resolution of the city or county to conduct a lottery, raffle, or related~~
18 ~~activity. Any ordinance or resolution that provides specific~~
19 ~~authorization for a lottery, raffle, or related activity may tax,~~
20 ~~regulate, or otherwise control such lottery, raffle, or related activity.~~

21 (2) (3) Nothing in this section shall be construed to authorize any
22 lottery or raffle not otherwise authorized under Nebraska law.

23 Sec. 2. Section 13-509, Reissue Revised Statutes of Nebraska, is
24 amended to read:

25 13-509 (1) On or before August 20 of each year, the county assessor
26 shall certify to each governing body or board empowered to levy or
27 certify a tax levy the current taxable value of the taxable real and
28 personal property subject to the applicable levy. The certification shall
29 be provided to the governing body or board (a) by mail if requested by
30 the governing body or board, (b) electronically, or (c) by listing such
31 certification on the county assessor's web site.

1 (2) Current taxable value for real property shall mean the value
2 established by the county assessor and equalized by the county board of
3 equalization and the Tax Equalization and Review Commission. Current
4 taxable value for tangible personal property shall mean the net book
5 value reported by the taxpayer and certified by the county assessor.

6 (3) ~~(2)~~ The valuation of any real and personal property annexed by a
7 political subdivision on or after August 1 shall be considered in the
8 taxable valuation of the annexing political subdivision the following
9 year.

10 Sec. 3. Section 58-708, Revised Statutes Cumulative Supplement,
11 2016, is amended to read:

12 58-708 (1) During each calendar year in which funds are available
13 from the Affordable Housing Trust Fund for use by the Department of
14 Economic Development, the department shall make its best efforts to
15 allocate a specific amount of funds, not less than thirty percent of such
16 funds , to each congressional district. The department shall announce a
17 grant and loan application period of at least ninety days duration for
18 all projects. In selecting projects to receive trust fund assistance, the
19 department shall develop a qualified allocation plan and give first
20 priority to financially viable projects that serve the lowest income
21 occupants for the longest period of time. The qualified allocation plan
22 shall:

23 (a) Set forth selection criteria to be used to determine housing
24 priorities of the housing trust fund which are appropriate to local
25 conditions, including the community's immediate need for affordable
26 housing, proposed increases in home ownership, private dollars leveraged,
27 level of local government support and participation, and repayment, in
28 part or in whole, of financial assistance awarded by the fund; and

29 (b) Give first priority in allocating trust fund assistance among
30 selected projects to those projects which are located in whole or in part
31 within an enterprise zone designated pursuant to the Enterprise Zone Act,

1 serve the lowest income occupant, and are obligated to serve qualified
2 occupants for the longest period of time.

3 (2) The department shall fund in order of priority as many
4 applications as will utilize available funds less actual administrative
5 costs of the department in administering the program. In administering
6 the program the department may contract for services or directly provide
7 funds to other governmental entities or instrumentalities.

8 (3) The department may recapture any funds which were allocated to a
9 qualified recipient for an eligible project through an award agreement if
10 such funds were not utilized for eligible costs within the time of
11 performance under the agreement and are therefor no longer obligated to
12 the project. The recaptured funds shall be credited to the Affordable
13 Housing Trust Fund.

14 Sec. 4. Section 69-2710.01, Revised Statutes Cumulative Supplement,
15 2016, is amended to read:

16 69-2710.01 (1) Any person that during a month acquired, purchased,
17 sold, possessed, transferred, transported, or caused to be transported in
18 or into this state cigarettes of a tobacco product manufacturer or brand
19 family that was not in the directory at the time shall, within fifteen
20 days following the end of that month, file a report ~~on a form and~~ in the
21 manner prescribed by the Tax Commissioner and certify to the state that
22 the report is complete and accurate. The report shall contain, in
23 addition to any further information that the Tax Commissioner may
24 reasonably require to assist the Tax Commissioner in enforcing sections
25 69-2701 to 69-2711 and 77-2601 to 77-2622 and the Tobacco Products Tax
26 Act, the following information:

27 (a) The total number of those cigarettes, in each case identifying
28 by name and number of cigarettes (i) the manufacturers of those
29 cigarettes, (ii) the brand families of those cigarettes, (iii) in the
30 case of a sale or transfer, the name and address of the recipient of
31 those cigarettes, (iv) in the case of an acquisition or purchase, the

1 name and address of the seller or sender of those cigarettes, and (v) the
2 other states in whose directory the manufacturer and brand family of
3 those cigarettes were listed at the time and whose stamps the person is
4 authorized to affix; and

5 (b) In the case of acquisition, purchase, or possession, the details
6 of the person's subsequent sale or transfer of those cigarettes,
7 identifying by name and number of cigarettes (i) the brand families of
8 those cigarettes, (ii) the date of the sale or transfer, (iii) the name
9 and address of the recipient, (iv) the number of stamps of each other
10 state that the person affixed to the packages containing those cigarettes
11 during that month, (v) the total number of cigarettes contained in the
12 packages to which it affixed each respective other state's stamp, (vi)
13 the manufacturers and brand families of the packages to which it affixed
14 each respective other state's stamp, and (vii) a certification that it
15 reported each sale or transfer to the taxing authority of the other state
16 by fifteen days following the end of the month in which the sale or
17 transfer was made and attaching a copy of all such reports. If the
18 subsequent sale or transfer is from this state into another state in
19 packages not bearing a stamp of the other state, the report shall also
20 contain the information described in subdivision (2)(c) of section
21 77-2604.01.

22 (2) Reports under this section shall be in addition to reports under
23 sections 69-2708, 77-2604, and 77-2604.01.

24 Sec. 5. Section 77-1333, Revised Statutes Cumulative Supplement,
25 2016, is amended to read:

26 77-1333 (1) For purposes of this section, rent-restricted housing
27 project means a project consisting of five or more houses or residential
28 units that has received an allocation of federal low-income housing tax
29 credits under section 42 of the Internal Revenue Code from the Nebraska
30 Investment Finance Authority or its successor agency and, for the year of
31 assessment, is a project as defined in section 58-219 involving rental

1 housing as defined in section 58-220.

2 (2) The Legislature finds that:

3 (a) The provision of safe, decent, and affordable housing to all
4 residents of the State of Nebraska is a matter of public concern and
5 represents a legitimate and compelling state need, affecting the general
6 welfare of all residents;

7 (b) Rent-restricted housing projects effectively provide safe,
8 decent, and affordable housing for residents of Nebraska;

9 (c) Such projects are restricted by federal law as to the rents paid
10 by the tenants thereof;

11 (d) Of all the professionally accepted mass appraisal methodologies,
12 which include the sales comparison approach, the income approach, and the
13 cost approach, the utilization of the income-approach methodology results
14 in the most accurate determination of the actual value of such projects;
15 and

16 (e) This section is intended to (i) further the provision of safe,
17 decent, and affordable housing to all residents of Nebraska and (ii)
18 comply with Article VIII, section 1, of the Constitution of Nebraska,
19 which empowers the Legislature to prescribe standards and methods for the
20 determination of value of real property at uniform and proportionate
21 values.

22 (3) Except as otherwise provided in this section, the county
23 assessor shall utilize an income-approach calculation to determine the
24 actual value of a rent-restricted housing project when determining the
25 assessed valuation to place on the property for each assessment year. The
26 income-approach calculation shall be consistent with this section and any
27 rules and regulations adopted and promulgated by the Tax Commissioner and
28 shall comply with professionally accepted mass appraisal techniques.

29 (4) The Rent-Restricted Housing Projects Valuation Committee is
30 created. For administrative purposes only, the committee shall be within
31 the Department of Revenue. The committee's purpose shall be to develop a

1 market-derived capitalization rate to be used by county assessors in
2 determining the assessed valuation for rent-restricted housing projects.
3 The committee shall consist of the following four persons:

4 (a) A representative of county assessors appointed by the Tax
5 Commissioner. Such representative shall be skilled in the valuation of
6 property and shall hold a certificate issued under section 77-422;

7 (b) A representative of the low-income housing industry appointed by
8 the Tax Commissioner. The appointment shall be based on a recommendation
9 made by the Nebraska Commission on Housing and Homelessness;

10 (c) The Property Tax Administrator or a designee of the Property Tax
11 Administrator who holds a certificate issued under section 77-422. Such
12 person shall serve as the chairperson of the committee; and

13 (d) An appraiser from the private sector appointed by the Tax
14 Commissioner. Such appraiser must hold either a valid credential as a
15 certified general real property appraiser under the Real Property
16 Appraiser Act or an MAI designation from the Appraisal Institute.

17 (5) The owner of a rent-restricted housing project shall file a
18 statement electronically on a form prescribed by the Tax Commissioner
19 with the Rent-Restricted Housing Projects Valuation Committee and the
20 county assessor on or before July October 1 of each year that details
21 actual income and actual expense data for the prior year, a description
22 of any land-use restrictions, a description of the terms of any mortgage
23 loans, including loan amount, interest rate, and amortization period, and
24 such other information as the committee or the county assessor may
25 require for purposes of this section. The Department of Revenue, on
26 behalf of the committee, shall forward such statements on or before
27 August 15 of each year to the county assessor of each county in which a
28 rent-restricted housing project is located.

29 (6) The Rent-Restricted Housing Projects Valuation Committee shall
30 meet annually in November to examine the information on rent-restricted
31 housing projects that was provided pursuant to subsection (5) of this

1 section. The Department of Revenue shall electronically publish notice of
2 such meeting no less than thirty days in advance. The committee shall
3 also solicit information on the sale of any such rent-restricted housing
4 projects and information on the yields generated to investors in rent-
5 restricted housing projects. The committee shall, after reviewing all
6 such information, calculate a market-derived capitalization rate on an
7 annual basis using the band-of-investment technique or other generally
8 accepted technique used to derive capitalization rates depending upon the
9 data available. The capitalization rate shall be a composite rate
10 weighted by the proportions of total property investment represented by
11 equity and debt, with equity weighted at eighty percent and debt weighted
12 at twenty percent unless a substantially different market capital
13 structure can be verified to the county assessor. The yield for equity
14 shall be calculated using the data on investor returns gathered by the
15 committee. The yield for debt shall be calculated using the data provided
16 to the committee pursuant to subsection (5) of this section. If the
17 committee determines that a particular county or group of counties
18 requires a different capitalization rate than that calculated for the
19 rest of the state pursuant to this subsection, then the committee may
20 calculate an additional capitalization rate that will apply only to such
21 county or group of counties.

22 (7) After the Rent-Restricted Housing Projects Valuation Committee
23 has calculated the capitalization rate or rates under subsection (6) of
24 this section, the committee shall provide such rate or rates and the
25 information reviewed by the committee in calculating such rate or rates
26 in an annual report. Such report shall be forwarded by the Property Tax
27 Administrator to each county assessor in Nebraska no later than December
28 1 of each year for his or her use in determining the valuation of rent-
29 restricted housing projects. The Department of Revenue shall publish the
30 annual report electronically but may charge a fee for paper copies. The
31 Tax Commissioner shall set the fee based on the reasonable cost of

1 producing the report.

2 (8) Except as provided in subsections (9) through (11) of this
3 section, each county assessor shall use the capitalization rate or rates
4 contained in the report received under subsection (7) of this section and
5 the actual income and actual expense data filed by owners of rent-
6 restricted housing projects under subsection (5) of this section in the
7 county assessor's income-approach calculation. Any low-income housing tax
8 credits authorized under section 42 of the Internal Revenue Code that
9 were granted to owners of the project shall not be considered income for
10 purposes of the calculation.

11 (9) If the actual income and actual expense data required to be
12 filed for a rent-restricted housing project under subsection (5) of this
13 section is not filed in a timely manner, the county assessor may use any
14 method for determining actual value for such rent-restricted housing
15 project that is consistent with professionally accepted mass appraisal
16 methods described in section 77-112.

17 (10) If a county assessor, based on the facts and circumstances,
18 believes that the income-approach calculation does not result in a
19 valuation of a rent-restricted housing project at actual value, then the
20 county assessor shall present such facts and circumstances to the county
21 board of equalization. If the county board of equalization, based on such
22 facts and circumstances, concurs with the county assessor, then the
23 county board of equalization shall petition the Tax Equalization and
24 Review Commission to consider the county assessor's utilization of
25 another professionally accepted mass appraisal technique that, based on
26 the facts and circumstances presented by a county board of equalization,
27 would result in a substantially different determination of actual value
28 of the rent-restricted housing project. Petitions must be filed no later
29 than January 31. The burden of proof is on the petitioning county board
30 of equalization to show that failure to make a determination that a
31 different methodology should be used would result in a value that is not

1 equitable and in accordance with the law. At the hearing, the commission
2 may receive testimony from any interested person. After a hearing, the
3 commission shall, within the powers granted in section 77-5007, enter its
4 order based on evidence presented to it at such hearing.

5 (11) If the Tax Commissioner, based on the facts and circumstances,
6 believes that the applicable capitalization rate set by the Rent-
7 Restricted Housing Projects Valuation Committee to value a rent-
8 restricted housing project does not result in a valuation at actual value
9 for such rent-restricted housing project, then the Tax Commissioner shall
10 petition the Tax Equalization and Review Commission to consider an
11 adjustment to the capitalization rate of such rent-restricted housing
12 project. Petitions must be filed no later than January 31. The burden of
13 proof is on the Tax Commissioner to show that failure to make an
14 adjustment to the capitalization rate employed would result in a value
15 that is not equal to the rent-restricted housing project's actual value.
16 At the hearing, the commission may receive testimony from any interested
17 person. After a hearing, the commission shall, within the powers granted
18 in section 77-5007, enter its order based on evidence presented to it at
19 such hearing.

20 Sec. 6. Section 77-1359, Revised Statutes Cumulative Supplement,
21 2016, is amended to read:

22 77-1359 The Legislature finds and declares that agricultural land
23 and horticultural land shall be a separate and distinct class of real
24 property for purposes of assessment. The assessed value of agricultural
25 land and horticultural land shall not be uniform and proportionate with
26 all other real property, but the assessed value shall be uniform and
27 proportionate within the class of agricultural land and horticultural
28 land.

29 For purposes of this section and section 77-1363:

30 (1) Agricultural land and horticultural land means a parcel of land,
31 excluding land associated with a building or enclosed structure located

1 on the parcel, which is primarily used for agricultural or horticultural
2 purposes, including wasteland lying in or adjacent to and in common
3 ownership or management with other agricultural land and horticultural
4 land;

5 (2)(a) ~~(2)~~ Agricultural or horticultural purposes means used for the
6 commercial production of any plant or animal product in a raw or
7 unprocessed state that is derived from the science and art of
8 agriculture, aquaculture, or horticulture; -

9 (b) Agricultural or horticultural purposes includes the following
10 uses of land:

11 (i) ~~(a)~~ Land retained or protected for future agricultural or
12 horticultural purposes under a conservation easement as provided in the
13 Conservation and Preservation Easements Act except when the parcel or a
14 portion thereof is being used for purposes other than agricultural or
15 horticultural purposes; and

16 (ii) ~~(b)~~ Land enrolled in a federal or state program in which
17 payments are received for removing such land from agricultural or
18 horticultural production; and

19 (c) Whether a parcel of land is primarily used for agricultural or
20 horticultural purposes shall be determined without regard to whether some
21 or all of the parcel is platted and subdivided into separate lots or
22 developed with improvements consisting of streets, sidewalks, curbs,
23 gutters, sewer lines, water lines, or utility lines;

24 (3) Farm home site means land contiguous to a farm site which
25 includes an inhabitable residence and improvements used for residential
26 purposes and which is located outside of urban areas or outside a platted
27 and zoned subdivision; and

28 (4) Farm site means the portion of land contiguous to land actively
29 devoted to agriculture which includes improvements that are agricultural
30 or horticultural in nature, including any uninhabitable or unimproved
31 farm home site.

1 Sec. 7. Section 77-1832, Revised Statutes Cumulative Supplement,
2 2016, is amended to read:

3 77-1832 (1) Service of the notice provided by section 77-1831 shall
4 be made by:

5 (a) Personal, or residence, certified mail, or designated delivery
6 service as described in section 25-505.01 upon every person in actual
7 possession or occupancy of the real property who qualifies as an owner-
8 occupant under section 77-1824.01; or

9 (b) Certified mail service as described in section 25-505.01 ~~r~~
10 ~~return receipt requested,~~ upon:

11 (i) The the person in whose name the title to the real property
12 appears of record who does not qualify as an owner-occupant under section
13 77-1824.01. The notice shall be sent to the name and address to which
14 ~~where~~ the property tax statement was mailed; and

15 (ii) Every upon every encumbrancer of record in the office of the
16 register of deeds of the county. The notice shall be sent whenever the
17 ~~record of a lien shows the post office address of the lienholder, notice~~
18 ~~shall be sent by certified mail, return receipt requested,~~ to the
19 encumbrancer's name and holder of such lien at the address appearing of
20 record as shown in the encumbrance filed with the register of deeds.

21 (2) Personal or residence service shall be made by the county
22 sheriff of the county where service is made or by a person authorized by
23 section 25-507. The sheriff or other person serving the notice shall be
24 entitled to the statutory fee prescribed in section 33-117. Within twenty
25 days after the date of request for service of the notice, the person
26 serving the notice ~~of service~~ shall (a) make proof of service to the
27 person requesting the service and state the time and place of service
28 including the address if applicable, the name of the person with whom the
29 notice was left, and the method of service or (b) return the proof of
30 service with a statement of the reason for the failure to serve. Failure
31 to make proof of service or delay in doing so does not affect the

1 validity of the service.

2 Sec. 8. Section 77-1833, Revised Statutes Cumulative Supplement,
3 2016, is amended to read:

4 77-1833 The service of notice provided by section 77-1832 shall be
5 proved by affidavit, and the notice and affidavit shall be filed and
6 preserved in the office of the county treasurer. The purchaser or
7 assignee shall also affirm in the affidavit that a title search was
8 conducted to determine those persons entitled to notice pursuant to such
9 section. If certified mail or designated delivery service is used, the
10 The certified mail return receipt or a copy of the signed delivery
11 receipt shall be filed with and accompany the return of service. The
12 affidavit shall be filed with the application for the tax deed pursuant
13 to section 77-1837. For each service of such notice, a fee of one dollar
14 shall be allowed. The amount of such fees shall be noted by the county
15 treasurer in the record opposite the real property described in the
16 notice and shall be collected by the county treasurer in case of
17 redemption for the benefit of the holder of the certificate.

18 Sec. 9. Section 77-1837.01, Revised Statutes Cumulative Supplement,
19 2016, is amended to read:

20 77-1837.01 (1) Except as otherwise provided in subsection (2) of
21 this section, the laws in effect on the date of the issuance of a tax
22 sale certificate govern all matters related to tax deed proceedings,
23 including noticing and application, and foreclosure proceedings. Changes
24 in law shall not apply retroactively with regard to the tax sale
25 certificates previously issued.

26 (2) Tax sale certificates sold and issued between January 1, 2010,
27 and December 31, 2017 ~~2014~~, shall be governed by the laws and statutes
28 that were in effect on December 31, 2009, with regard to all matters
29 relating to tax deed proceedings, including noticing and application, and
30 foreclosure proceedings.

31 Sec. 10. Section 77-2503, Revised Statutes Cumulative Supplement,

1 2016, is amended to read:

2 77-2503 (1) An owner of an affordable housing project seeking a
3 Nebraska affordable housing tax credit shall file an application with the
4 authority on a form prescribed by the authority. A qualified taxpayer
5 shall be allowed a nonrefundable tax credit if the authority determines
6 that the project for which tax credits are sought is a qualified project.

7 (2) If the requirements of subsection (1) of this section are met,
8 the authority shall issue an eligibility statement to the owner of such
9 qualified project stating the amount of Nebraska affordable housing tax
10 credits allocated to the qualified project. The amount of such tax
11 credits shall be the amount of federal low-income housing tax credits
12 available to such project, except as otherwise provided in subsection (4)
13 of this section. Tax credits for each building in a qualified project
14 shall be issued for the first six years of the credit period as defined
15 in 26 U.S.C. 42(f)(1), except that any reduction in the credit allowable
16 in the first year of the credit period due to the calculation in 26
17 U.S.C. 42(f)(2) shall be allowable in the seventh year of the credit
18 period. The authority shall only allocate tax credits to qualified
19 projects that are placed in service after January 1, 2018.

20 (3) If the owner of the qualified project is (a) a partnership, (b)
21 a limited liability company, or (c) a corporation having an election in
22 effect under subchapter S of the Internal Revenue Code of 1986, as
23 amended, the The Nebraska affordable housing tax credit shall be
24 allocated among some or all of the partners, members, or shareholders of
25 the owner of the qualified project in any manner agreed to by such
26 persons. A qualified taxpayer may transfer, sell, or assign all or part
27 of his or her ownership interest, including his or her interest in the
28 tax credits authorized in this section. For any tax year in which such an
29 interest is transferred, sold, or assigned pursuant to this subsection,
30 the transferor assignor shall notify the Department of Revenue of the
31 transfer, sale, or assignment and provide the tax identification number

1 of the new owner at least thirty days prior to the new owner claiming the
2 tax credits. The notification shall be in the manner prescribed by the
3 department file a written statement with his or her tax return specifying
4 the amount of the credits assigned.

5 (4) The maximum amount of Nebraska affordable housing tax credits
6 awarded to all qualified projects in any given allocation year shall be
7 no more than one hundred percent of the total amount of federal low-
8 income housing tax credits awarded by the authority in the same
9 allocation year. Notwithstanding any other provision of the Affordable
10 Housing Tax Credit Act, the authority is prohibited from awarding to a
11 qualified project any combined amount of federal low-income housing tax
12 credits and Nebraska affordable housing tax credits that is more than
13 necessary to make the qualified project financially feasible.

14 (5) Any Nebraska affordable housing tax credits granted under this
15 section may be used to offset any income taxes due under section 77-2715
16 or 77-2734.02, any premium and related retaliatory taxes due under
17 section 44-150 or 77-908, or any franchise taxes due under sections
18 77-3801 to 77-3807.

19 (6) The tax credit shall not be used to reduce the tax liability of
20 the qualified taxpayer to less than zero. Any tax credit claimed but not
21 used in a taxable year may be carried forward.

22 Sec. 11. Section 77-2506, Revised Statutes Cumulative Supplement,
23 2016, is amended to read:

24 77-2506 If a portion of any federal low-income housing tax credits
25 taken on a qualified project is required to be recaptured or is otherwise
26 disallowed under 26 U.S.C. 42 during the 6-year period described in
27 subsection (2) of section 77-2503, a portion of the Nebraska affordable
28 housing tax credits with respect to such project shall also be recaptured
29 from the qualified taxpayer who claimed such credits. The percentage of
30 Nebraska affordable housing tax credits subject to recapture under this
31 section shall be equal to the percentage of federal low-income housing

1 tax credits subject to recapture or otherwise disallowed during such
2 period. Any Nebraska affordable housing tax credits recaptured or
3 disallowed under this section shall increase the tax liability of be
4 ~~considered income~~ to the qualified taxpayer who claimed the credits ~~in a~~
5 ~~like amount,~~ and such income shall be recognized by the qualified
6 taxpayer in the year the Department of Revenue declares the tax credits
7 to be disallowed or recaptured.

8 Sec. 12. Section 77-2604, Revised Statutes Cumulative Supplement,
9 2016, is amended to read:

10 77-2604 (1) Every stamping agent, wholesale dealer, and retail
11 dealer who is subject to sections 77-2601 to 77-2622 shall make and file
12 with the Tax Commissioner, on or before the fifteenth day of each
13 calendar month in the manner prescribed ~~on blanks furnished~~ by the Tax
14 Commissioner, true, correct, and sworn reports covering, for the last
15 preceding calendar month, the number of cigarettes purchased, from whom
16 purchased, the specific kinds and brands thereof, the manufacturer, if
17 known, and such other matters and in such detail as the Tax Commissioner
18 may require.

19 (2)(a) Each manufacturer and importer that sells cigarettes in or
20 into the state shall, within fifteen days following the end of each
21 month, file a report ~~on a form and~~ in the manner prescribed by the Tax
22 Commissioner and certify to the state that the report is complete and
23 accurate.

24 (b) The report shall contain the following information: The total
25 number of cigarettes sold by that manufacturer or importer in or into the
26 state during that month and identifying by name and number of cigarettes,
27 (i) the manufacturers of those cigarettes, (ii) the brand families of
28 those cigarettes, and (iii) the purchasers of those cigarettes. A
29 manufacturer's or importer's report shall include cigarettes sold in or
30 into the state through its sales entity affiliate.

31 (c) The requirements of this subsection shall be satisfied and no

1 further report shall be required under this section with respect to
2 cigarettes if the manufacturer or importer timely submits to the Tax
3 Commissioner the report or reports required to be submitted by it with
4 respect to those cigarettes under 15 U.S.C. 376 to the Tax Commissioner
5 and certifies to the state that the reports are complete and accurate.

6 (d) Upon request by the Tax Commissioner, a manufacturer or importer
7 shall provide copies of all sales reports referenced in subdivisions (2)
8 (a) and (b) of this section that it filed in other states.

9 (e) Each manufacturer and importer that sells cigarettes in or into
10 the state shall either (i) submit its federal excise tax returns and all
11 monthly operational reports on Alcohol and Tobacco Tax and Trade Bureau
12 Form 5210.5 and all adjustments, changes, and amendments to such reports
13 to the Tax Commissioner no later than sixty days after the close of the
14 quarter in which the returns were filed or (ii) submit to the United
15 States Treasury a request or consent under section 6103(c) of the
16 Internal Revenue Code of 1986 as defined in section 49-801.01 authorizing
17 the federal Alcohol and Tobacco Tax and Trade Bureau and, in the case of
18 a foreign manufacturer or importer, the United States Customs Service to
19 disclose the manufacturer's or importer's federal returns to the Tax
20 Commissioner as of sixty days after the close of the quarter in which the
21 returns were filed.

22 Sec. 13. Section 77-2604.01, Revised Statutes Cumulative Supplement,
23 2016, is amended to read:

24 77-2604.01 (1) Any person that sells cigarettes from this state into
25 another state shall, within fifteen days following the end of each month,
26 file a report ~~on a form and~~ in the manner prescribed by the Tax
27 Commissioner and certify to the state that the report is complete and
28 accurate.

29 (2) The report shall contain the following information:

30 (a) The total number of cigarettes sold from this state into another
31 state by the person during that month, identifying by name and number of

1 cigarettes (i) the manufacturers of those cigarettes, (ii) the brand
2 families of those cigarettes, and (iii) the name and address of each
3 recipient of those cigarettes;

4 (b) The number of stamps of each other state the person affixed to
5 the packages containing those cigarettes during that month, the total
6 number of cigarettes contained in the packages to which it affixed each
7 respective other state's stamp and by name and number of cigarettes, and
8 the manufacturers and brand families of the packages to which it affixed
9 each respective other state's stamp; and

10 (c) If the person sold cigarettes during that month from this state
11 into another state in packages not bearing a stamp of the other state,
12 (i) the total number of cigarettes contained in such packages,
13 identifying by name and number of cigarettes, the manufacturers of those
14 cigarettes, the brand families of those cigarettes, and the name and
15 address of each recipient of those cigarettes, and (ii) the person's
16 basis for belief that such state permits the sale of the cigarettes to
17 consumers in a package not bearing a stamp, and the amount of excise,
18 use, or similar tax imposed on the cigarettes paid by the person to such
19 state on the cigarettes. Manufacturers and importers need include the
20 information described in subdivision (2)(c)(i) of this section only as to
21 cigarettes not sold to a person authorized by the law of the other state
22 to affix the stamp required by the other state.

23 (3) In the case of a manufacturer or importer, the report shall
24 include cigarettes sold from this state into another state through its
25 sales entity affiliate. A sales entity affiliate shall file a separate
26 report under this section only to the extent that it sold cigarettes from
27 this state into another state not separately reported under this section
28 by its affiliated manufacturer or importer.

29 Sec. 14. Section 77-2701, Revised Statutes Cumulative Supplement,
30 2016, is amended to read:

31 77-2701 Sections 77-2701 to 77-27,135.01, 77-27,235, 77-27,236, and

1 77-27,238 and section 15 of this act shall be known and may be cited as
2 the Nebraska Revenue Act of 1967.

3 Sec. 15. (1) Within sixty days after an amendment of the Internal
4 Revenue Code is enacted, the Tax Commissioner shall prepare and submit to
5 the Governor, the Legislative Fiscal Analyst, the Speaker of the
6 Legislature, and the chairpersons of the Executive Board of the
7 Legislative Council, the Revenue Committee of the Legislature, and the
8 Appropriations Committee of the Legislature a report that outlines:

9 (a) The changes in the Internal Revenue Code; and

10 (b) The impact of those changes on state revenue and on various
11 classes and types of taxpayers.

12 (2) Subsection (1) of this section does not apply to an amendment of
13 the Internal Revenue Code if the Tax Commissioner determines that the
14 impact of the amendment on state income tax revenue for the fiscal year
15 that begins during the calendar year in which the amendment is enacted
16 will be less than five million dollars.

17 Sec. 16. Section 77-2756, Revised Statutes Cumulative Supplement,
18 2016, is amended to read:

19 77-2756 (1) Except as provided in subsection (2) of this section,
20 every employer or payor required to deduct and withhold income tax under
21 the Nebraska Revenue Act of 1967 shall, for each calendar quarter, on or
22 before the last day of the month following the close of such calendar
23 quarter, file a withholding return as prescribed by the Tax Commissioner
24 and pay over to the Tax Commissioner or to a depository designated by the
25 Tax Commissioner the taxes so required to be deducted and withheld in
26 such form and content as the Tax Commissioner may prescribe and
27 containing such information as the Tax Commissioner deems necessary for
28 the proper administration of the Nebraska Revenue Act of 1967. When the
29 aggregate amount required to be deducted and withheld by any employer or
30 payor for either the first or second month of a calendar quarter exceeds
31 five hundred dollars, the employer or payor shall, by the fifteenth day

1 of the succeeding month, pay over such aggregate amount to the Tax
2 Commissioner or to a depository designated by the Tax Commissioner. The
3 amount so paid shall be allowed as a credit against the liability shown
4 on the employer's or payor's quarterly withholding return required by
5 this section. The Tax Commissioner may, by rule and regulation, provide
6 for the filing of returns and the payment of the tax deducted and
7 withheld on other than a quarterly basis.

8 (2) When the aggregate amount required to be deducted and withheld
9 by any employer or payor for the entire calendar year is less than five
10 hundred dollars or the employer or payor is allowed to file federal
11 withholding returns annually, the employer or payor shall, for each
12 calendar year, on or before the last day of the month following the close
13 of such calendar year, file a withholding return as prescribed by the Tax
14 Commissioner and pay over to the Tax Commissioner or to a depository
15 designated by the Tax Commissioner the taxes so required to be deducted
16 and withheld in such form and content as the Tax Commissioner may
17 prescribe and containing such information as the Tax Commissioner deems
18 necessary for the proper administration of the Nebraska Revenue Act of
19 1967. The employer or payor may elect or the Tax Commissioner may require
20 the filing of returns and the payment of taxes on a quarterly basis.

21 (3) Whenever any employer or payor fails to collect, truthfully
22 account for, pay over, or make returns of the income tax as required by
23 this section, the Tax Commissioner may serve a notice requiring such
24 employer or payor to collect the taxes which become collectible after
25 service of such notice, to deposit such taxes in a bank approved by the
26 Tax Commissioner in a separate account in trust for and payable to the
27 Tax Commissioner, and to keep the amount of such tax in such account
28 until paid over to the Tax Commissioner. Such notice shall remain in
29 effect until a notice of cancellation is served by the Tax Commissioner.

30 (4) Any employer or payor may appoint an agent in accordance with
31 section 3504 of the Internal Revenue Code of 1986, as amended, for the

1 purpose of withholding, reporting, or making payment of amounts withheld
2 on behalf of the employer or payor. The agent shall be considered an
3 employer or payor for purposes of the Nebraska Revenue Act of 1967 and,
4 with the actual employer or payor, shall be jointly and severally liable
5 for any amount required to be withheld and paid over to the Tax
6 Commissioner and any additions to tax, penalties, and interest with
7 respect thereto.

8 (5) The employer or payor shall also file on or before January 31
9 ~~February 1~~ of the succeeding year a copy of each statement furnished by
10 such employer or payor to each employee or payee with respect to taxes
11 withheld on wages or payments subject to withholding. Any employer,
12 payor, or agent who furnished more than fifty statements for a year shall
13 file the required copies electronically in a manner approved by the Tax
14 Commissioner that is compatible with federal electronic filing
15 requirements or methods.

16 Sec. 17. Section 77-2783, Reissue Revised Statutes of Nebraska, is
17 amended to read:

18 77-2783 In the event that the amount of tax is understated on the
19 taxpayer's return as a result of a mathematical or clerical error, the
20 Tax Commissioner shall notify the taxpayer that an amount of tax in
21 excess of that shown on the return is due and has been assessed and the
22 reasons therefor. Such a notice of additional tax due shall not be
23 considered a notice of deficiency assessment nor shall the taxpayer have
24 any right of protest or appeal as in the case of a deficiency assessment
25 based on such notice, and the assessment and collection of the amount of
26 tax erroneously omitted in the return is not prohibited. For purposes of
27 this section, mathematical or clerical error includes information on the
28 taxpayer's return that is different from information reported to the
29 Internal Revenue Service or the Tax Commissioner, including, but not
30 limited to, information reported on Form W-2 and Form 1099.

31 Sec. 18. Section 77-2785, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 77-2785 (1) The amount of income tax which is shown to be due on an
3 income tax return, including revisions for mathematical or clerical
4 errors, shall be deemed to be assessed on the date of filing of the
5 return including any amended returns showing an increase of tax. In the
6 case of a return properly filed without the computation of the tax, the
7 tax computed by the Tax Commissioner shall be deemed to be assessed on
8 the date when payment is due. If a notice of deficiency has been mailed,
9 the amount of the deficiency shall be deemed to be assessed on the date
10 provided in section 77-2777 if no protest is filed or, if a protest is
11 filed, then upon the date when the determination of the Tax Commissioner
12 becomes final. If an amended return or report filed pursuant to the
13 provisions of section 77-2775 concedes the accuracy of a federal change
14 or correction or a state change or correction which has become final on
15 or after May 1, 1993, any deficiency in the income tax under the Nebraska
16 Revenue Act of 1967 resulting therefrom shall be deemed to be assessed on
17 the date of filing such report or amended return and such assessment
18 shall be timely notwithstanding any other provisions of such act. Any
19 amount paid as a tax or in respect of a tax, other than amounts withheld
20 at the source or paid as estimated income tax, shall be deemed to be
21 assessed upon the date of receipt of payment notwithstanding any other
22 provision of such act.

23 (2) If the mode or time for the assessment of income tax under the
24 provisions of the Nebraska Revenue Act of 1967, including interest,
25 additions to tax, and penalties, is not otherwise provided for, the Tax
26 Commissioner may establish the same by regulation.

27 (3) The Tax Commissioner may, at any time within the period
28 prescribed for assessment, make a supplemental assessment, subject to the
29 provisions of section 77-2776 when applicable, whenever it is found that
30 any assessment is imperfect or incomplete in any material aspect.

31 (4) If the Tax Commissioner believes that the assessment or

1 collection of a deficiency will be jeopardized by delay, by the frivolous
2 objections of any person to compliance with the Nebraska Revenue Act of
3 1967, or by the attempt of any person to impede the administration of
4 such act, he or she shall, notwithstanding the provisions of section
5 77-2786, immediately assess such tax, including interest and additions to
6 tax, and penalties as provided by law and give notice and demand for
7 payment to such person. When an assessment is made under this subsection,
8 collection proceedings may be stayed by application for review and the
9 posting of such security as may be required by the Tax Commissioner under
10 section 77-27,129.

11 Sec. 19. Section 77-27,238, Revised Statutes Cumulative Supplement,
12 2016, is amended to read:

13 77-27,238 (1) For taxable years beginning or deemed to begin on or
14 after January 1, 2017, there shall be allowed to an employer of any
15 eligible employee a nonrefundable credit, for not more than two years,
16 against the income tax imposed by the Nebraska Revenue Act of 1967 in the
17 amount of twenty percent of the employer's annual expenditures for any of
18 the following services that are provided to eligible employees and that
19 are incidental to the employer's business:

20 (a) The payment of tuition at a Nebraska public institution of
21 postsecondary education or the payment of the costs associated with a
22 high school equivalency program for eligible employees; and

23 (b) The provision of transportation of eligible employees to and
24 from work.

25 (2) The credit allowed under this section for any taxable year shall
26 not exceed the employer's actual tax liability for such taxable year.

27 (3) The Department of Revenue shall submit a report electronically
28 to the Clerk of the Legislature on or before July 1 of each year on (a)
29 the number of employers claiming a credit under this section and (b) the
30 number of eligible employees receiving the services for which credits are
31 claimed.

1 (4) The Department of Revenue, in consultation with the Department
2 of Health and Human Services, shall develop a process to verify that any
3 employer claiming credits under this section qualifies for such credits.

4 (5) The Department of Revenue may adopt and promulgate rules and
5 regulations necessary to carry out this section.

6 (6) For purposes of this section, eligible employee means a parent
7 or caretaker responsible relative (a) who is a member of a unit family
8 that received benefits under the state or federally funded Temporary
9 Assistance for Needy Families program established in 42 U.S.C. 601 et
10 seq., for any nine months of the eighteen-month period immediately prior
11 to the employee's hiring date and (b) whose hiring date is on or after
12 the first day of the taxable year for which the credit is claimed.

13 Sec. 20. Section 77-3510, Revised Statutes Cumulative Supplement,
14 2016, is amended to read:

15 77-3510 On or before February 1 of each year, the Tax Commissioner
16 shall prescribe forms to be used by all claimants for homestead exemption
17 or for transfer of homestead exemption. Such forms shall contain
18 provisions for the showing of all information which the Tax Commissioner
19 may deem necessary to (1) enable the county officials and the Tax
20 Commissioner to determine whether each claim for exemption under sections
21 77-3506 and 77-3507 to 77-3509 should be allowed and (2) enable the
22 county assessor to determine whether each claim for transfer of homestead
23 exemption pursuant to section 77-3509.01 should be allowed. It shall be
24 the duty of the county assessor of each county in this state to furnish
25 such forms, upon request, to each person desiring to make application for
26 homestead exemption or for transfer of homestead exemption. The forms so
27 prescribed shall be used uniformly throughout the state, and no
28 application for exemption or for transfer of homestead exemption shall be
29 allowed unless the applicant uses the prescribed form in making an
30 application. The forms shall require the attachment of an income
31 statement for any applicant seeking an exemption under section 77-3507,

1 77-3508, or 77-3509 as prescribed by the Tax Commissioner fully
2 accounting for all household income. The Tax Commissioner shall provide
3 to each county assessor ~~printed~~ claim forms and address lists of
4 applicants from the prior year in the manner approved by the Tax
5 Commissioner. The application and information contained on any
6 attachments to the application shall be confidential and available to tax
7 officials only.

8 Sec. 21. Section 77-3517, Revised Statutes Cumulative Supplement,
9 2016, is amended to read:

10 77-3517 (1) On or before August 1 of each year, the county assessor
11 shall forward the approved applications for homestead exemptions and a
12 copy of the certification of disability status that have been examined
13 pursuant to section 77-3516 to the Tax Commissioner. The Tax Commissioner
14 shall determine if the applicant meets the income requirements and may
15 also review any other application information he or she deems necessary
16 in order to determine whether the application should be approved. The Tax
17 Commissioner shall, on or before November 1, certify his or her
18 determinations to the county assessor. If the application is approved,
19 the county assessor shall make the proper deduction on the assessment
20 rolls. If the application is denied or approved in part, the Tax
21 Commissioner shall notify the applicant of the denial or partial approval
22 by mailing written notice to the applicant at the address shown on the
23 application. The applicant may appeal the Tax Commissioner's denial or
24 partial approval pursuant to section 77-3520. Late applications
25 authorized by the county board shall be processed in a similar manner
26 after approval by the county assessor.

27 (2)(a) Upon his or her own action or upon a request by an applicant,
28 a spouse, or an owner-occupant, the Tax Commissioner may review any
29 information necessary to determine whether an application is in
30 compliance with sections 77-3501 to 77-3529. Any action taken by the Tax
31 Commissioner pursuant to this subsection shall be taken within three

1 years after December 31 of the year in which the exemption was claimed.

2 (b) If after completion of the review the Tax Commissioner
3 determines that an exemption should have been approved or increased, the
4 Tax Commissioner shall notify the applicant, spouse, or owner-occupant
5 and the county treasurer and assessor of his or her determination. The
6 applicant, spouse, or owner-occupant shall receive a refund of the tax,
7 if any, that was paid as a result of the exemption being denied, in whole
8 or in part. The county treasurer shall make the refund and shall amend
9 the county's claim for reimbursement from the state.

10 (c) If after completion of the review the Tax Commissioner
11 determines that an exemption should have been denied or reduced, the Tax
12 Commissioner shall notify the applicant, spouse, or owner-occupant of
13 such denial or reduction. The applicant, the spouse, and any owner-
14 occupant may appeal the Tax Commissioner's denial or reduction pursuant
15 to section 77-3520. Upon the expiration of the appeal period in section
16 77-3520, the Tax Commissioner shall notify the county assessor of the
17 denial or reduction and the county assessor shall remove or reduce the
18 exemption from the tax rolls of the county. Upon notification by the Tax
19 Commissioner to the county assessor, the amount of tax due as a result of
20 the action of the Tax Commissioner shall become a lien on the homestead
21 until paid. Upon attachment of the lien, the county treasurer shall
22 refund to the Tax Commissioner the amount of tax equal to the denied or
23 reduced exemption for deposit into the General Fund. No lien shall be
24 created if a change in ownership of the homestead or death of the
25 applicant, the spouse, and all other owner-occupants has occurred prior
26 to the Tax Commissioner's notice to the county assessor. Beginning thirty
27 days after the county assessor receives approval from the county board to
28 remove or reduce the exemption from the tax rolls of the county, interest
29 at the rate specified in section 45-104.01, as such rate may from time to
30 time be adjusted by the Legislature, shall begin to accrue on the amount
31 of tax due.

1 Sec. 22. Section 77-4212, Revised Statutes Cumulative Supplement,
2 2016, is amended to read:

3 77-4212 (1) For tax year 2007, the amount of relief granted under
4 the Property Tax Credit Act shall be one hundred five million dollars.
5 For tax year 2008, the amount of relief granted under the act shall be
6 one hundred fifteen million dollars. It is the intent of the Legislature
7 to fund the Property Tax Credit Act for tax years after tax year 2008
8 using available revenue. For tax year 2017, the amount of relief granted
9 under the act shall be two hundred twenty-four million dollars. The
10 relief shall be in the form of a property tax credit which appears on the
11 property tax statement.

12 (2)(a) For tax years prior to tax year 2017, to determine the amount
13 of the property tax credit, the county treasurer shall multiply the
14 amount disbursed to the county under subdivision (4)(a) of this section
15 by the ratio of the real property valuation of the parcel to the total
16 real property valuation in the county. The amount determined shall be the
17 property tax credit for the property.

18 (b) Beginning with tax year 2017, to determine the amount of the
19 property tax credit, the county treasurer shall multiply the amount
20 disbursed to the county under subdivision (4)(b) of this section by the
21 ratio of the credit allocation valuation of the parcel to the total
22 credit allocation valuation in the county. The amount determined shall be
23 the property tax credit for the property.

24 (3) If the real property owner qualifies for a homestead exemption
25 under sections 77-3501 to 77-3529, the owner shall also be qualified for
26 the relief provided in the act to the extent of any remaining liability
27 after calculation of the relief provided by the homestead exemption. If
28 the credit results in a property tax liability on the homestead that is
29 less than zero, the amount of the credit which cannot be used by the
30 taxpayer shall be returned to the State Treasurer by July 1 of the year
31 the amount disbursed to the county was disbursed. The State Treasurer

1 shall immediately credit any funds returned under this subsection ~~section~~
2 to the Property Tax Credit Cash Fund. Upon the return of any funds under
3 this subsection, the county treasurer shall electronically file a report
4 with the Property Tax Administrator, on a form prescribed by the Tax
5 Commissioner, indicating the amount of funds distributed to each taxing
6 unit in the county in the year the funds were returned, any collection
7 fee retained by the county in such year, and the amount of unused credits
8 returned.

9 (4)(a) For tax years prior to tax year 2017, the amount disbursed to
10 each county shall be equal to the amount available for disbursement
11 determined under subsection (1) of this section multiplied by the ratio
12 of the real property valuation in the county to the real property
13 valuation in the state. By September 15, the Property Tax Administrator
14 shall determine the amount to be disbursed under this subdivision to each
15 county and certify such amounts to the State Treasurer and to each
16 county. The disbursements to the counties shall occur in two equal
17 payments, the first on or before January 31 and the second on or before
18 April 1. After retaining one percent of the receipts for costs, the
19 county treasurer shall allocate the remaining receipts to each taxing
20 unit levying taxes on taxable property in the tax district in which the
21 real property is located in the same proportion that the levy of such
22 taxing unit bears to the total levy on taxable property of all the taxing
23 units in the tax district in which the real property is located.

24 (b) Beginning with tax year 2017, the amount disbursed to each
25 county shall be equal to the amount available for disbursement determined
26 under subsection (1) of this section multiplied by the ratio of the
27 credit allocation valuation in the county to the credit allocation
28 valuation in the state. By September 15, the Property Tax Administrator
29 shall determine the amount to be disbursed under this subdivision to each
30 county and certify such amounts to the State Treasurer and to each
31 county. The disbursements to the counties shall occur in two equal

1 payments, the first on or before January 31 and the second on or before
2 April 1. After retaining one percent of the receipts for costs, the
3 county treasurer shall allocate the remaining receipts to each taxing
4 unit based on its share of the credits granted to all taxpayers in the
5 taxing unit.

6 (5) For purposes of this section, credit allocation valuation means
7 the taxable value for all real property except agricultural land and
8 horticultural land, one hundred twenty percent of taxable value for
9 agricultural land and horticultural land that is not subject to special
10 valuation, and one hundred twenty percent of taxable value for
11 agricultural land and horticultural land that is subject to special
12 valuation.

13 (6) The State Treasurer shall transfer from the General Fund to the
14 Property Tax Credit Cash Fund one hundred five million dollars by August
15 1, 2007, and one hundred fifteen million dollars by August 1, 2008.

16 (7) The Legislature shall have the power to transfer funds from the
17 Property Tax Credit Cash Fund to the General Fund.

18 Sec. 23. Section 77-5725, Revised Statutes Cumulative Supplement,
19 2016, is amended to read:

20 77-5725 (1) Applicants may qualify for benefits under the Nebraska
21 Advantage Act in one of six tiers:

22 (a) Tier 1, investment in qualified property of at least one million
23 dollars and the hiring of at least ten new employees. There shall be no
24 new project applications for benefits under this tier filed after
25 December 31, 2020. All complete project applications filed on or before
26 December 31, 2020, shall be considered by the Tax Commissioner and
27 approved if the project and taxpayer qualify for benefits. Agreements may
28 be executed with regard to completed project applications filed on or
29 before December 31, 2020. All project agreements pending, approved, or
30 entered into before such date shall continue in full force and effect;

31 (b) Tier 2, (i) investment in qualified property of at least three

1 million dollars and the hiring of at least thirty new employees or (ii)
2 for a large data center project, investment in qualified property for the
3 data center of at least two hundred million dollars and the hiring for
4 the data center of at least thirty new employees. There shall be no new
5 project applications for benefits under this tier filed after December
6 31, 2020. All complete project applications filed on or before December
7 31, 2020, shall be considered by the Tax Commissioner and approved if the
8 project and taxpayer qualify for benefits. Agreements may be executed
9 with regard to completed project applications filed on or before December
10 31, 2020. All project agreements pending, approved, or entered into
11 before such date shall continue in full force and effect;

12 (c) Tier 3, the hiring of at least thirty new employees. There shall
13 be no new project applications for benefits under this tier filed after
14 December 31, 2020. All complete project applications filed on or before
15 December 31, 2020, shall be considered by the Tax Commissioner and
16 approved if the project and taxpayer qualify for benefits. Agreements may
17 be executed with regard to completed project applications filed on or
18 before December 31, 2020. All project agreements pending, approved, or
19 entered into before such date shall continue in full force and effect;

20 (d) Tier 4, investment in qualified property of at least ten million
21 dollars and the hiring of at least one hundred new employees. There shall
22 be no new project applications for benefits under this tier filed after
23 December 31, 2020. All complete project applications filed on or before
24 December 31, 2020, shall be considered by the Tax Commissioner and
25 approved if the project and taxpayer qualify for benefits. Agreements may
26 be executed with regard to completed project applications filed on or
27 before December 31, 2020. All project agreements pending, approved, or
28 entered into before such date shall continue in full force and effect;

29 (e) Tier 5, (i) investment in qualified property of at least thirty
30 million dollars or (ii) for the production of electricity by using one or
31 more sources of renewable energy to produce electricity for sale as

1 described in subdivision (1)(j) of section 77-5715, investment in
2 qualified property of at least twenty million dollars. Failure to
3 maintain an average number of equivalent employees as defined in section
4 77-5727 greater than or equal to the number of equivalent employees in
5 the base year shall result in a partial recapture of benefits. There
6 shall be no new project applications for benefits under this tier filed
7 after December 31, 2020. All complete project applications filed on or
8 before December 31, 2020, shall be considered by the Tax Commissioner and
9 approved if the project and taxpayer qualify for benefits. Agreements may
10 be executed with regard to completed project applications filed on or
11 before December 31, 2020. All project agreements pending, approved, or
12 entered into before such date shall continue in full force and effect;
13 and

14 (f) Tier 6, investment in qualified property of at least ten million
15 dollars and the hiring of at least seventy-five new employees or the
16 investment in qualified property of at least one hundred million dollars
17 and the hiring of at least fifty new employees. There shall be no new
18 project applications for benefits under this tier filed after December
19 31, 2020. All complete project applications filed on or before December
20 31, 2020, shall be considered by the Tax Commissioner and approved if the
21 project and taxpayer qualify for benefits. Agreements may be executed
22 with regard to completed project applications filed on or before December
23 31, 2020. All project agreements pending, approved, or entered into
24 before such date shall continue in full force and effect.

25 (2) When the taxpayer has met the required levels of employment and
26 investment contained in the agreement for a tier 1, tier 2, tier 4, tier
27 5, or tier 6 project, the taxpayer shall be entitled to the following
28 incentives:

29 (a) A refund of all sales and use taxes for a tier 2, tier 4, tier
30 5, or tier 6 project or a refund of one-half of all sales and use taxes
31 for a tier 1 project paid under the Local Option Revenue Act, the

1 Nebraska Revenue Act of 1967, and sections 13-319, 13-324, and 13-2813
2 from the date of the application through the meeting of the required
3 levels of employment and investment for all purchases, including rentals,
4 of:

5 (i) Qualified property used as a part of the project;

6 (ii) Property, excluding motor vehicles, based in this state and
7 used in both this state and another state in connection with the project
8 except when any such property is to be used for fundraising for or for
9 the transportation of an elected official;

10 (iii) Tangible personal property by a contractor or repairperson
11 after appointment as a purchasing agent of the owner of the improvement
12 to real estate when such property is incorporated into real estate as a
13 part of a project. The refund shall be based on fifty percent of the
14 contract price, excluding any land, as the cost of materials subject to
15 the sales and use tax;

16 (iv) Tangible personal property by a contractor or repairperson
17 after appointment as a purchasing agent of the taxpayer when such
18 property is annexed to, but not incorporated into, real estate as a part
19 of a project. The refund shall be based on the cost of materials subject
20 to the sales and use tax that were annexed to real estate; and

21 (v) Tangible personal property by a contractor or repairperson after
22 appointment as a purchasing agent of the taxpayer when such property is
23 both (A) incorporated into real estate as a part of a project and (B)
24 annexed to, but not incorporated into, real estate as a part of a
25 project. The refund shall be based on fifty percent of the contract
26 price, excluding any land, as the cost of materials subject to the sales
27 and use tax; and

28 (b) A refund of all sales and use taxes for a tier 2, tier 4, tier
29 5, or tier 6 project or a refund of one-half of all sales and use taxes
30 for a tier 1 project paid under the Local Option Revenue Act, the
31 Nebraska Revenue Act of 1967, and sections 13-319, 13-324, and 13-2813 on

1 the types of purchases, including rentals, listed in subdivision (a) of
2 this subsection for such taxes paid during each year of the entitlement
3 period in which the taxpayer is at or above the required levels of
4 employment and investment.

5 (3) Any taxpayer who qualifies for a tier 1, tier 2, tier 3, or tier
6 4 project shall be entitled to a credit equal to three percent times the
7 average wage of new employees times the number of new employees if the
8 average wage of the new employees equals at least sixty percent of the
9 Nebraska average annual wage for the year of application. The credit
10 shall equal four percent times the average wage of new employees times
11 the number of new employees if the average wage of the new employees
12 equals at least seventy-five percent of the Nebraska average annual wage
13 for the year of application. The credit shall equal five percent times
14 the average wage of new employees times the number of new employees if
15 the average wage of the new employees equals at least one hundred percent
16 of the Nebraska average annual wage for the year of application. The
17 credit shall equal six percent times the average wage of new employees
18 times the number of new employees if the average wage of the new
19 employees equals at least one hundred twenty-five percent of the Nebraska
20 average annual wage for the year of application. For computation of such
21 credit:

22 (a) Average annual wage means the total compensation paid to
23 employees during the year at the project who are not base-year employees
24 and who are paid wages equal to at least sixty percent of the Nebraska
25 average weekly wage for the year of application, excluding any
26 compensation in excess of one million dollars paid to any one employee
27 during the year, divided by the number of equivalent employees making up
28 such total compensation;

29 (b) Average wage of new employees means the average annual wage paid
30 to employees during the year at the project who are not base-year
31 employees and who are paid wages equal to at least sixty percent of the

1 Nebraska average weekly wage for the year of application, excluding any
2 compensation in excess of one million dollars paid to any one employee
3 during the year; and

4 (c) Nebraska average annual wage means the Nebraska average weekly
5 wage times fifty-two.

6 (4) Any taxpayer who qualifies for a tier 6 project shall be
7 entitled to a credit equal to ten percent times the total compensation
8 paid to all employees, other than base-year employees, excluding any
9 compensation in excess of one million dollars paid to any one employee
10 during the year, employed at the project.

11 (5) Any taxpayer who has met the required levels of employment and
12 investment for a tier 2 or tier 4 project shall receive a credit equal to
13 ten percent of the investment made in qualified property at the project.
14 Any taxpayer who has met the required levels of investment and employment
15 for a tier 1 project shall receive a credit equal to three percent of the
16 investment made in qualified property at the project. Any taxpayer who
17 has met the required levels of investment and employment for a tier 6
18 project shall receive a credit equal to fifteen percent of the investment
19 made in qualified property at the project.

20 (6) The credits prescribed in subsections (3), (4), and (5) of this
21 section shall be allowable for compensation paid and investments made
22 during each year of the entitlement period that the taxpayer is at or
23 above the required levels of employment and investment.

24 (7) The credit prescribed in subsection (5) of this section shall
25 also be allowable during the first year of the entitlement period for
26 investment in qualified property at the project after the date of the
27 application and before the required levels of employment and investment
28 were met.

29 (8)(a) Property described in subdivisions (8)(c)(i) through (v) of
30 this section used in connection with a project or projects, whether
31 purchased or leased, and placed in service ~~acquired~~ by the taxpayer,

1 ~~whether by lease or purchase,~~ after the date the application was filed,
2 shall constitute separate classes of property and are eligible for
3 exemption under the conditions and for the time periods provided in
4 subdivision (8)(b) of this section.

5 (b)(i) A taxpayer who has met the required levels of employment and
6 investment for a tier 4 project shall receive the exemption of property
7 in subdivisions (8)(c)(ii), (iii), and (iv) of this section. A taxpayer
8 who has met the required levels of employment and investment for a tier 6
9 project shall receive the exemption of property in subdivisions (8)(c)
10 (ii), (iii), (iv), and (v) of this section. Such property shall be
11 eligible for the exemption from the first January 1 following the end of
12 the year during which the required levels were exceeded through the ninth
13 December 31 after the first year property included in subdivisions (8)(c)
14 (ii), (iii), (iv), and (v) of this section qualifies for the exemption.

15 (ii) A taxpayer who has filed an application that describes a tier 2
16 large data center project or a project under tier 4 or tier 6 shall
17 receive the exemption of property in subdivision (8)(c)(i) of this
18 section beginning with the first January 1 following the date acquisition
19 ~~of the property was placed in service.~~ The exemption shall continue
20 through the end of the period property included in subdivisions (8)(c)
21 (ii), (iii), (iv), and (v) of this section qualifies for the exemption.

22 (iii) A taxpayer who has filed an application that describes a tier
23 2 large data center project or a tier 5 project that is sequential to a
24 tier 2 large data center project for which the entitlement period has
25 expired shall receive the exemption of all property in subdivision (8)(c)
26 of this section beginning any January 1 after the date acquisition ~~of the~~
27 property was placed in service. Such property shall be eligible for
28 exemption from the tax on personal property from the January 1 preceding
29 the first claim for exemption approved under this subdivision through the
30 ninth December 31 after the year the first claim for exemption is
31 approved.

1 (iv) A taxpayer who has a project for an Internet web portal or a
2 data center and who has met the required levels of employment and
3 investment for a tier 2 project or the required level of investment for a
4 tier 5 project, taking into account only the employment and investment at
5 the web portal or data center project, shall receive the exemption of
6 property in subdivision (8)(c)(ii) of this section. Such property shall
7 be eligible for the exemption from the first January 1 following the end
8 of the year during which the required levels were exceeded through the
9 ninth December 31 after the first year any property included in
10 subdivisions (8)(c)(ii), (iii), (iv), and (v) of this section qualifies
11 for the exemption.

12 (v) Such investment and hiring of new employees shall be considered
13 a required level of investment and employment for this subsection and for
14 the recapture of benefits under this subsection only.

15 (c) The following property used in connection with such project or
16 projects, whether purchased or leased, and placed in service ~~acquired~~ by
17 the taxpayer, ~~whether by lease or purchase,~~ after the date the
18 application was filed shall constitute separate classes of personal
19 property:

20 (i) Turbine-powered aircraft, including turboprop, turbojet, and
21 turbofan aircraft, except when any such aircraft is used for fundraising
22 for or for the transportation of an elected official;

23 (ii) Computer systems, made up of equipment that is interconnected
24 in order to enable the acquisition, storage, manipulation, management,
25 movement, control, display, transmission, or reception of data involving
26 computer software and hardware, used for business information processing
27 which require environmental controls of temperature and power and which
28 are capable of simultaneously supporting more than one transaction and
29 more than one user. A computer system includes peripheral components
30 which require environmental controls of temperature and power connected
31 to such computer systems. Peripheral components shall be limited to

1 additional memory units, tape drives, disk drives, power supplies,
2 cooling units, data switches, and communication controllers;

3 (iii) Depreciable personal property used for a distribution
4 facility, including, but not limited to, storage racks, conveyor
5 mechanisms, forklifts, and other property used to store or move products;

6 (iv) Personal property which is business equipment located in a
7 single project if the business equipment is involved directly in the
8 manufacture or processing of agricultural products; and

9 (v) For a tier 2 large data center project or tier 6 project, any
10 other personal property located at the project.

11 (d) In order to receive the property tax exemptions allowed by
12 subdivision (8)(c) of this section, the taxpayer shall annually file a
13 claim for exemption with the Tax Commissioner on or before May 1. The
14 form and supporting schedules shall be prescribed by the Tax Commissioner
15 and shall list all property for which exemption is being sought under
16 this section. A separate claim for exemption must be filed for each
17 project and each county in which property is claimed to be exempt. A copy
18 of this form must also be filed with the county assessor in each county
19 in which the applicant is requesting exemption. The Tax Commissioner
20 shall determine whether a taxpayer is eligible to obtain exemption for
21 personal property based on the criteria for exemption and the eligibility
22 of each item listed for exemption and, on or before August 1, certify
23 such to the taxpayer and to the affected county assessor.

24 (9)(a) The investment thresholds in this section for a particular
25 year of application shall be adjusted by the method provided in this
26 subsection, except that the investment threshold for a tier 5 project
27 described in subdivision (1)(e)(ii) of this section shall not be
28 adjusted.

29 (b) For tier 1, tier 2, tier 4, and tier 5 projects other than tier
30 5 projects described in subdivision (1)(e)(ii) of this section, beginning
31 October 1, 2006, and each October 1 thereafter, the average Producer

1 Price Index for all commodities, published by the United States
2 Department of Labor, Bureau of Labor Statistics, for the most recent
3 twelve available periods shall be divided by the Producer Price Index for
4 the first quarter of 2006 and the result multiplied by the applicable
5 investment threshold. The investment thresholds shall be adjusted for
6 cumulative inflation since 2006.

7 (c) For tier 6, beginning October 1, 2008, and each October 1
8 thereafter, the average Producer Price Index for all commodities,
9 published by the United States Department of Labor, Bureau of Labor
10 Statistics, for the most recent twelve available periods shall be divided
11 by the Producer Price Index for the first quarter of 2008 and the result
12 multiplied by the applicable investment threshold. The investment
13 thresholds shall be adjusted for cumulative inflation since 2008.

14 (d) For a tier 2 large data center project, beginning October 1,
15 2012, and each October 1 thereafter, the average Producer Price Index for
16 all commodities, published by the United States Department of Labor,
17 Bureau of Labor Statistics, for the most recent twelve available periods
18 shall be divided by the Producer Price Index for the first quarter of
19 2012 and the result multiplied by the applicable investment threshold.
20 The investment thresholds shall be adjusted for cumulative inflation
21 since 2012.

22 (e) If the resulting amount is not a multiple of one million
23 dollars, the amount shall be rounded to the next lowest one million
24 dollars.

25 (f) The investment thresholds established by this subsection apply
26 for purposes of project qualifications for all applications filed on or
27 after January 1 of the following year for all years of the project.
28 Adjustments do not apply to projects after the year of application.

29 Sec. 24. Section 77-5902, Reissue Revised Statutes of Nebraska, is
30 amended to read:

31 77-5902 The Nebraska Advantage Microenterprise Tax Credit Act shall

1 be administered by the Department of Revenue. The purpose of the act is
2 to provide tax credits to applicants for creating or expanding
3 microbusinesses that contribute to the state's economy ~~revitalization of~~
4 ~~economically distressed areas~~ through the creation of new or improved
5 income, self-employment, or other new jobs ~~in the area~~.

6 Sec. 25. Section 77-5903, Revised Statutes Cumulative Supplement,
7 2016, is amended to read:

8 77-5903 For purposes of the Nebraska Advantage Microenterprise Tax
9 Credit Act:

10 (1) Actively engaged in the operation of a microbusiness means
11 personal involvement on a continuous basis in the daily management and
12 operation of the business;

13 ~~(2) Distressed area means a municipality, county, unincorporated~~
14 ~~area within a county, or census tract in Nebraska that has (a) an~~
15 ~~unemployment rate which exceeds the statewide average unemployment rate,~~
16 ~~(b) a per capita income below the statewide average per capita income, or~~
17 ~~(c) had a population decrease between the two most recent federal~~
18 ~~decennial censuses;~~

19 ~~(2) (3)~~ Equivalent employees means the number of employees computed
20 by dividing the total hours paid in a year by the product of forty times
21 the number of weeks in a year;

22 ~~(3) (4)~~ Microbusiness means any business employing five or fewer
23 equivalent employees at the time of application. Microbusiness does not
24 include a farm or livestock operation unless (a) the person actively
25 engaged in the operation of the microbusiness has a net worth of not more
26 than five hundred thousand dollars, including any holdings by a spouse or
27 dependent, based on fair market value, or (b) the investment or
28 employment is in the processing or marketing of agricultural products,
29 aquaculture, agricultural tourism, or the production of fruits, herbs,
30 tree products, vegetables, tree nuts, dried fruits, organic crops, or
31 nursery crops;

1 (4) ~~(5)~~ New employment means the amount by which the total
2 compensation plus the employer cost for health insurance for employees
3 paid during the tax year to or for employees who are Nebraska residents
4 exceeds the total compensation paid plus the employer cost for health
5 insurance for employees to or for employees who are Nebraska residents in
6 the tax year prior to application. New employment does not include
7 compensation to any employee that is in excess of one hundred fifty
8 percent of the Nebraska average weekly wage. Nebraska average weekly wage
9 means the most recent average weekly wage paid by all employers as
10 reported by October 1 by the Department of Labor;

11 (5) ~~(6)~~ New investment means the increase during the tax year over
12 the year prior to the application in the applicant's (a) purchases of
13 buildings and depreciable personal property located in Nebraska, (b)
14 expenditures on repairs and maintenance on property located in Nebraska,
15 neither subdivision (a) or (b) of this subdivision to include vehicles
16 required to be registered for operation on the roads and highways of this
17 state, and (c) expenditures on advertising, legal, and professional
18 services. If the buildings or depreciable personal property is leased,
19 the amount of new investment shall be the increase in average net annual
20 rents multiplied by the number of years of the lease for which the
21 taxpayer is bound, not to exceed ten years;

22 (6) ~~(7)~~ Related persons means (a) any corporation, partnership,
23 limited liability company, cooperative, including cooperatives exempt
24 under section 521 of the Internal Revenue Code of 1986, as amended,
25 limited cooperative association, or joint venture which is or would
26 otherwise be a member of the same unitary group, if incorporated, or any
27 person who is considered to be a related person under either section
28 267(b) and (c) or section 707(b) of the Internal Revenue Code of 1986, as
29 amended, and (b) any individual who is a spouse, parent if the taxpayer
30 is a minor, or minor son or daughter of the taxpayer; and

31 (7) ~~(8)~~ Taxpayer means any person subject to the income tax imposed

1 by the Nebraska Revenue Act of 1967, any corporation, partnership,
2 limited liability company, cooperative, including a cooperative exempt
3 under section 521 of the Internal Revenue Code of 1986, as amended,
4 limited cooperative association, or joint venture that is or would
5 otherwise be a member of the same unitary group, if incorporated, which
6 is, or whose partners, members, or owners representing an ownership
7 interest of at least ninety percent of such entity are, subject to such
8 tax, and any other partnership, limited liability company, subchapter S
9 corporation, cooperative, including a cooperative exempt under section
10 521 of the Internal Revenue Code of 1986, as amended, limited cooperative
11 association, or joint venture when the partners, shareholders, or members
12 representing an ownership interest of at least ninety percent of such
13 entity are subject to such tax.

14 The changes made to this section by Laws 2008, LB 177, shall be
15 operative for all applications for benefits received on or after July 18,
16 2008.

17 Sec. 26. Section 77-5904, Reissue Revised Statutes of Nebraska, is
18 amended to read:

19 77-5904 (1) The Department of Revenue shall accept applications for
20 tax credits from taxpayers who are actively engaged in the operation of a
21 microbusiness ~~in a distressed area~~ or who will establish a microbusiness
22 that they will actively operate ~~in a distressed area~~ within the current
23 or subsequent tax year. Applications shall be filed by November 1 and
24 shall be complete by December 1 of each calendar year. Any application
25 that is filed after November 1 or that is not complete on December 1
26 shall be considered to be filed during the following calendar year.

27 (2) The department may convene an advisory committee of individuals
28 with expertise in small business development, lending, and community
29 development to evaluate applications and advise the department in
30 authorizing tentative tax credits.

31 (3) The application shall be on a form developed by the department

1 and shall contain:

2 (a) A description of the microbusiness;

3 (b) The projected income and expenditures;

4 (c) The market to be served by the microbusiness and the way the
5 expansion addresses the market;

6 (d) The amount of projected investment or employment increase that
7 would generate the credit;

8 (e) The projected improvement in income or creation of new self-
9 employment or other jobs ~~in the distressed area~~;

10 (f) The nature of the applicant's engagement in the operation of the
11 microbusiness; and

12 (g) Other documents, plans, and specifications as required by the
13 department.

14 Sec. 27. Section 77-5905, Revised Statutes Cumulative Supplement,
15 2016, is amended to read:

16 77-5905 (1) If the Department of Revenue determines that an
17 application meets the requirements of section 77-5904 and that the
18 investment or employment is eligible for the credit and (a) the applicant
19 is actively engaged in the operation of the microbusiness or will be
20 actively engaged in the operation upon its establishment, (b) ~~the~~
21 ~~majority of the assets of the microbusiness are located in a distressed~~
22 ~~area or will be upon its establishment,~~ (c) the applicant will make new
23 investment or employment in the microbusiness, and (c) ~~(d)~~ the new
24 investment or employment will create new income or jobs ~~in the distressed~~
25 ~~area~~, the department shall approve the application and authorize
26 tentative tax credits to the applicant within the limits set forth in
27 this section and certify the amount of tentative tax credits approved for
28 the applicant. Applications for tax credits shall be considered in the
29 order in which they are received.

30 (2) The department may approve applications up to the adjusted limit
31 for each calendar year beginning January 1, 2006, through December 31,

1 2022. After applications totaling the adjusted limit have been approved
2 for a calendar year, no further applications shall be approved for that
3 year. The adjusted limit in a given year is two million dollars plus
4 tentative tax credits that were not granted by the end of the preceding
5 year. Tax credits shall not be allowed for a taxpayer receiving benefits
6 under the Employment and Investment Growth Act, the Nebraska Advantage
7 Act, or the Nebraska Advantage Rural Development Act.

8 Sec. 28. Section 77-6302, Revised Statutes Cumulative Supplement,
9 2016, is amended to read:

10 77-6302 For purposes of the Angel Investment Tax Credit Act:

11 (1) Director means the Director of Economic Development;

12 ~~(2) Distressed area means a municipality, a county with a population~~
13 ~~of fewer than one hundred thousand inhabitants according to the most~~
14 ~~recent federal decennial census, an unincorporated area within a county,~~
15 ~~or a census tract in Nebraska that (a) has an unemployment rate which~~
16 ~~exceeds the statewide average unemployment rate, (b) has a per capita~~
17 ~~income below the statewide average per capita income, or (c) had a~~
18 ~~population decrease between the two most recent federal decennial~~
19 ~~censuses;~~

20 (2) ~~(3)~~ Family member means a family member within the meaning of
21 section 267(c)(4) of the Internal Revenue Code of 1986, as amended;

22 (3) ~~(4)~~ Investment date means the latest of the following:

23 (a) The date of a fully executed investor subscription agreement or
24 underlying transaction document pertaining to the applicable qualified
25 investment;

26 (b) The date on a check made out to a qualified small business for
27 the applicable qualified investment or the date a wire transfer is
28 completed for the applicable qualified investment; or

29 (c) The date the qualified small business deposits a check made out
30 to such qualified small business for the applicable qualified investment
31 or receives a wire transfer for the applicable qualified investment, as

1 documented on the deposit slip or bank statement of the qualified small
2 business;

3 (4) ~~(5)~~ Pass-through entity means an organization that for the
4 applicable taxable year is a subchapter S corporation, general
5 partnership, limited partnership, limited liability partnership, trust,
6 or limited liability company and that for the applicable taxable year is
7 not taxed as a corporation;

8 (5) ~~(6)~~ Qualified fund means a fund that has been certified by the
9 director under section 77-6304;

10 (6) ~~(7)~~ Qualified high-technology field includes, but is not limited
11 to, aerospace, agricultural processing, renewable energy, energy
12 efficiency and conservation, environmental engineering, food technology,
13 cellulosic ethanol, information technology, materials science technology,
14 nanotechnology, telecommunications, biosolutions, medical device
15 products, pharmaceuticals, diagnostics, biologicals, chemistry,
16 veterinary science, and similar fields;

17 (7) ~~(8)~~ Qualified investment means a cash investment in a qualified
18 small business made in exchange for common stock, a partnership or
19 membership interest, preferred stock, debt with mandatory conversion to
20 equity, or an equivalent ownership interest as determined by the director
21 of a minimum of:

22 (a) Twenty-five thousand dollars in a calendar year by a qualified
23 investor; or

24 (b) Fifty thousand dollars in a calendar year by a qualified fund;

25 (8) ~~(9)~~ Qualified investor means an individual, trust, or pass-
26 through entity which has been certified by the director under section
27 77-6305; and

28 (9) ~~(10)~~ Qualified small business means a business that has been
29 certified by the director under section 77-6303.

30 Sec. 29. Section 77-6306, Revised Statutes Cumulative Supplement,
31 2016, is amended to read:

1 77-6306 (1) ~~A For taxable years beginning or deemed to begin on or~~
2 ~~after January 1, 2011, under the Internal Revenue Code of 1986, as~~
3 ~~amended,~~ a qualified investor or qualified fund is eligible for a
4 refundable tax credit equal to ~~thirty-five percent of its qualified~~
5 ~~investment in a qualified small business, except that if the qualified~~
6 ~~small business is located in a distressed area the qualified investor or~~
7 ~~qualified fund is eligible for a refundable tax credit equal to forty~~
8 percent of its qualified investment in a the qualified small business.
9 The director shall not allocate more than four million dollars in tax
10 credits to all qualified investors or qualified funds in a calendar year.
11 If the director does not allocate the entire four million dollars of tax
12 credits in a calendar year, the tax credits that are not allocated shall
13 not carry forward to subsequent years. The director shall not allocate
14 any amount for tax credits for calendar years after 2022.

15 (2) The director shall not allocate more than a total maximum amount
16 in tax credits for a calendar year to a qualified investor for the
17 investor's cumulative qualified investments as an individual qualified
18 investor and as an investor in a qualified fund as provided in this
19 subsection. For married couples filing joint returns the maximum is three
20 hundred fifty thousand dollars, and for all other filers the maximum is
21 three hundred thousand dollars. The director shall not allocate more than
22 a total of one million dollars in tax credits for qualified investments
23 in any one qualified small business.

24 (3) The director shall not allocate a tax credit to a qualified
25 investor either as an individual qualified investor or as an investor in
26 a qualified fund if the investor receives more than forty-nine percent of
27 the investor's gross annual income from the qualified small business in
28 which the qualified investment is proposed. A family member of an
29 individual disqualified by this subsection is not eligible for a tax
30 credit under this section. For a married couple filing a joint return,
31 the limitations in this subsection apply collectively to the investor and

1 spouse. For purposes of determining the ownership interest of an investor
2 under this subsection, the rules under section 267(c) and (e) of the
3 Internal Revenue Code of 1986, as amended, apply.

4 (4) Tax credits shall be allocated to qualified investors or
5 qualified funds in the order that the tax credit applications are filed
6 with the director. Once tax credits have been approved and allocated by
7 the director, the qualified investors and qualified funds shall implement
8 the qualified investment specified within ninety days after allocation of
9 the tax credits. Qualified investors and qualified funds shall notify the
10 director no later than thirty days after the expiration of the ninety-day
11 period that the qualified investment has been made. If the qualified
12 investment is not made within ninety days after allocation of the tax
13 credits, or the director has not, within thirty days following expiration
14 of the ninety-day period, received notification that the qualified
15 investment was made, the tax credit allocation is canceled and available
16 for reallocation. A qualified investor or qualified fund that fails to
17 invest as specified in the application within ninety days after
18 allocation of the tax credits shall notify the director of the failure to
19 invest within five business days after the expiration of the ninety-day
20 investment period.

21 (5) All tax credit applications filed with the director on the same
22 day shall be treated as having been filed contemporaneously. If two or
23 more qualified investors or qualified funds file tax credit applications
24 on the same day and the aggregate amount of tax credit allocation
25 requests exceeds the aggregate limit of tax credits under this section or
26 the lesser amount of tax credits that remain unallocated on that day,
27 then the tax credits shall be allocated among the qualified investors or
28 qualified funds who filed on that day on a pro rata basis with respect to
29 the amounts requested. The pro rata allocation for any one qualified
30 investor or qualified fund shall be the product obtained by multiplying a
31 fraction, the numerator of which is the amount of the tax credit

1 allocation request filed on behalf of a qualified investor or qualified
2 fund and the denominator of which is the total of all tax credit
3 allocation requests filed on behalf of all applicants on that day, by the
4 amount of tax credits that remain unallocated on that day for the taxable
5 year.

6 (6) A qualified investor or qualified fund, or a qualified small
7 business acting on behalf of the investor or fund, shall notify the
8 director when an investment for which tax credits were allocated has been
9 made and shall furnish the director with documentation of the investment
10 date. A qualified fund shall also provide the director with a statement
11 indicating the amount invested by each investor in the qualified fund
12 based on each investor's share of the assets of the qualified fund at the
13 time of the qualified investment. After receiving notification that the
14 qualified investment was made, the director shall issue tax credit
15 certificates for the taxable year in which the qualified investment was
16 made to the qualified investor or, for a qualified investment made by a
17 qualified fund, to each qualified investor who is an investor in the
18 fund. The certificate shall state that the tax credit is subject to
19 revocation if the qualified investor or qualified fund does not hold the
20 investment in the qualified small business for at least three years,
21 consisting of the calendar year in which the investment was made and the
22 two following calendar years. The three-year holding period does not
23 apply if:

24 (a) The qualified investment by the qualified investor or qualified
25 fund becomes worthless before the end of the three-year period;

26 (b) Eighty percent or more of the assets of the qualified small
27 business are sold before the end of the three-year period;

28 (c) The qualified small business is sold or merges with another
29 business before the end of the three-year period;

30 (d) The qualified small business's common stock begins trading on a
31 public exchange before the end of the three-year period; or

1 (e) In the case of an individual qualified investor, such investor
2 becomes deceased before the end of the three-year period.

3 (7) The director shall notify the Tax Commissioner that tax credit
4 certificates have been issued, including the amount of tax credits and
5 all other pertinent tax information.

6 Sec. 30. Section 77-6307, Revised Statutes Cumulative Supplement,
7 2016, is amended to read:

8 77-6307 (1) Each qualified small business, qualified investor, and
9 qualified fund shall submit an annual report to the director by July 1 of
10 each year. The report shall certify that the business, investor, or fund
11 satisfies the requirements of the Angel Investment Tax Credit Act and
12 shall include all information which will enable the Department of
13 Economic Development to fulfill its reporting requirements under section
14 77-6309.

15 (2) A qualified small business that ceases all operations and
16 becomes insolvent shall file a final report with the director in the form
17 required by the director documenting its insolvency.

18 (3) To maintain the confidentiality of the qualified investor ~~and~~
19 ~~qualified small business~~, the Department of Economic Development shall
20 use a designated number to identify such persons or entities ~~businesses~~.

21 (4) A qualified small business, qualified investor, or qualified
22 fund that fails to file a complete annual report by July 1 shall, at the
23 discretion of the director, be subject to a fine of two hundred dollars,
24 revocation of its certification, or both.

25 Sec. 31. Section 79-1016, Reissue Revised Statutes of Nebraska, is
26 amended to read:

27 79-1016 (1) On or before August 20 ~~25~~, the county assessor shall
28 certify to the Property Tax Administrator the total taxable value by
29 school district in the county for the current assessment year on forms
30 prescribed by the Tax Commissioner. The county assessor may amend the
31 filing for changes made to the taxable valuation of the school district

1 in the county if corrections or errors on the original certification are
2 discovered. Amendments shall be certified to the Property Tax
3 Administrator on or before August 31 ~~September 30~~.

4 (2) On or before October 10, the Property Tax Administrator shall
5 compute and certify to the State Department of Education the adjusted
6 valuation for the current assessment year for each class of property in
7 each school district and each local system. The adjusted valuation of
8 property for each school district and each local system, for purposes of
9 determining state aid pursuant to the Tax Equity and Educational
10 Opportunities Support Act, shall reflect as nearly as possible state aid
11 value as defined in subsection (3) of this section. The Property Tax
12 Administrator shall notify each school district and each local system of
13 its adjusted valuation for the current assessment year by class of
14 property on or before October 10. Establishment of the adjusted valuation
15 shall be based on the taxable value certified by the county assessor for
16 each school district in the county adjusted by the determination of the
17 level of value for each school district from an analysis of the
18 comprehensive assessment ratio study or other studies developed by the
19 Property Tax Administrator, in compliance with professionally accepted
20 mass appraisal techniques, as required by section 77-1327. The Tax
21 Commissioner shall adopt and promulgate rules and regulations setting
22 forth standards for the determination of level of value for state aid
23 purposes.

24 (3) For purposes of this section, state aid value means:

25 (a) For real property other than agricultural and horticultural
26 land, ninety-six percent of actual value;

27 (b) For agricultural and horticultural land, seventy-two percent of
28 actual value as provided in sections 77-1359 to 77-1363. For agricultural
29 and horticultural land that receives special valuation pursuant to
30 section 77-1344, seventy-two percent of special valuation as defined in
31 section 77-1343; and

1 (c) For personal property, the net book value as defined in section
2 77-120.

3 (4) On or before November 10, any local system may file with the Tax
4 Commissioner written objections to the adjusted valuations prepared by
5 the Property Tax Administrator, stating the reasons why such adjusted
6 valuations are not the valuations required by subsection (3) of this
7 section. The Tax Commissioner shall fix a time for a hearing. Either
8 party shall be permitted to introduce any evidence in reference thereto.
9 On or before January 1, the Tax Commissioner shall enter a written order
10 modifying or declining to modify, in whole or in part, the adjusted
11 valuations and shall certify the order to the State Department of
12 Education. Modification by the Tax Commissioner shall be based upon the
13 evidence introduced at hearing and shall not be limited to the
14 modification requested in the written objections or at hearing. A copy of
15 the written order shall be mailed to the local system within seven days
16 after the date of the order. The written order of the Tax Commissioner
17 may be appealed within thirty days after the date of the order to the Tax
18 Equalization and Review Commission in accordance with section 77-5013.

19 (5) On or before November 10, any local system or county official
20 may file with the Tax Commissioner a written request for a nonappealable
21 correction of the adjusted valuation due to clerical error as defined in
22 section 77-128 or, for agricultural and horticultural land, assessed
23 value changes by reason of land qualified or disqualified for special use
24 valuation pursuant to sections 77-1343 to 77-1347.01. On or before the
25 following January 1, the Tax Commissioner shall approve or deny the
26 request and, if approved, certify the corrected adjusted valuations
27 resulting from such action to the State Department of Education.

28 (6) On or before May 31 of the year following the certification of
29 adjusted valuation pursuant to subsection (2) of this section, any local
30 system or county official may file with the Tax Commissioner a written
31 request for a nonappealable correction of the adjusted valuation due to

1 changes to the tax list that change the assessed value of taxable
2 property. Upon the filing of the written request, the Tax Commissioner
3 shall require the county assessor to recertify the taxable valuation by
4 school district in the county on forms prescribed by the Tax
5 Commissioner. The recertified valuation shall be the valuation that was
6 certified on the tax list, pursuant to section 77-1613, increased or
7 decreased by changes to the tax list that change the assessed value of
8 taxable property in the school district in the county in the prior
9 assessment year. On or before the following July 31, the Tax Commissioner
10 shall approve or deny the request and, if approved, certify the corrected
11 adjusted valuations resulting from such action to the State Department of
12 Education.

13 (7) No injunction shall be granted restraining the distribution of
14 state aid based upon the adjusted valuations pursuant to this section.

15 (8) A school district whose state aid is to be calculated pursuant
16 to subsection (5) of this section and whose state aid payment is
17 postponed as a result of failure to calculate state aid pursuant to such
18 subsection may apply to the state board for lump-sum payment of such
19 postponed state aid. Such application may be for any amount up to one
20 hundred percent of the postponed state aid. The state board may grant the
21 entire amount applied for or any portion of such amount. The state board
22 shall notify the Director of Administrative Services of the amount of
23 funds to be paid in a lump sum and the reduced amount of the monthly
24 payments. The Director of Administrative Services shall, at the time of
25 the next state aid payment made pursuant to section 79-1022, draw a
26 warrant for the lump-sum amount from appropriated funds and forward such
27 warrant to the district.

28 Sec. 32. Section 81-1201.15, Reissue Revised Statutes of Nebraska,
29 is amended to read:

30 81-1201.15 (1) The primary responsibility of the Business
31 Recruitment Division shall be the creation of jobs through the attraction

1 of business to the state. The division shall develop a program of
2 assistance to local governments, chambers of commerce, development
3 organizations, and other entities involved in attracting new value-adding
4 industries. Activities shall include, but not be limited to, industrial
5 recruitment, marketing, international investment attraction, and
6 technical assistance to community organizations in their recruitment
7 efforts.

8 (2) Information regarding business recruitment, location,
9 relocation, and expansion projects conducted by or with the assistance of
10 the Business Recruitment Division may be withheld from the public until a
11 public announcement by an authorized representative of the business or
12 the Department of Economic Development is made about the project or until
13 negotiations between the business and the division or other governmental
14 entity regarding the project have been completed, whichever is earlier.

15 Sec. 33. Section 81-1201.20, Reissue Revised Statutes of Nebraska,
16 is amended to read:

17 81-1201.20 The department ~~may shall~~ adopt and promulgate rules and
18 regulations to carry out sections 81-1201.01 to 81-1201.20.

19 Sec. 34. Section 81-12,153, Revised Statutes Cumulative Supplement,
20 2016, is amended to read:

21 81-12,153 For purposes of the Business Innovation Act:

22 (1) Department means the Department of Economic Development;

23 ~~(2) Distressed area means a municipality, a county with a population~~
24 ~~of fewer than one hundred thousand inhabitants according to the most~~
25 ~~recent federal decennial census, an unincorporated area within a county,~~
26 ~~or a census tract in Nebraska that (a) has an unemployment rate which~~
27 ~~exceeds the statewide average unemployment rate, (b) has a per capita~~
28 ~~income below the statewide average per capita income, or (c) had a~~
29 ~~population decrease between the two most recent federal decennial~~
30 ~~censuses;~~

31 ~~(2) (3) Federal grant program means the federal Small Business~~

1 Administration's Small Business Innovation Research grant program or
2 Small Business Technology Transfer grant program;

3 ~~(3) (4)~~ Microenterprise means a for-profit business entity with not
4 more than ten full-time equivalent employees;

5 ~~(4) (5)~~ Prototype means an original model on which something is
6 patterned by a resident of Nebraska or a company located in Nebraska; and

7 ~~(5) (6)~~ Value-added agriculture means increasing the net worth of
8 food or nonfood agricultural products by processing, alternative
9 production and handling methods, collective marketing, or other
10 innovative practices.

11 Sec. 35. Section 81-12,156, Reissue Revised Statutes of Nebraska, is
12 amended to read:

13 81-12,156 ~~At least forty percent of the funding for financial~~
14 ~~assistance programs in sections 81-12,157 to 81-12,162 shall be used for~~
15 ~~projects that best alleviate chronic economic distress in distressed~~
16 ~~areas.~~ When selecting projects for funding under the Business Innovation
17 Act ~~this section~~, the department shall give a preference to projects
18 located in whole or in part within an enterprise zone designated pursuant
19 to the Enterprise Zone Act.

20 Sec. 36. Sections 1, 2, 3, 4, 6, 10, 11, 12, 13, 16, 17, 18, 19,
21 20, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 37, and 40 of
22 this act become operative three calendar months after the adjournment of
23 this legislative session. Sections 21 and 38 of this act become operative
24 on January 1, 2018. The other sections of this act become operative on
25 their effective date.

26 Sec. 37. Original sections 9-433, 13-509, 77-2783, 77-2785,
27 77-5902, 77-5904, 79-1016, 81-1201.15, 81-1201.20, and 81-12,156, Reissue
28 Revised Statutes of Nebraska, and sections 58-708, 69-2710.01, 77-1359,
29 77-2503, 77-2506, 77-2604, 77-2604.01, 77-2756, 77-27,238, 77-3510,
30 77-4212, 77-5725, 77-5903, 77-5905, 77-6302, 77-6306, 77-6307, and
31 81-12,153, Revised Statutes Cumulative Supplement, 2016, are repealed.

1 Sec. 38. Original section 77-3517, Revised Statutes Cumulative
2 Supplement, 2016, is repealed.

3 Sec. 39. Original sections 77-1333, 77-1832, 77-1833, 77-1837.01,
4 and 77-2701, Revised Statutes Cumulative Supplement, 2016, are repealed.

5 Sec. 40. The following sections are outright repealed: Sections
6 66-1013, 66-1017, 66-1018, and 66-1019, Reissue Revised Statutes of
7 Nebraska, and sections 66-1012, 66-1014, 66-1015, 66-1016, and
8 66-1019.01, Revised Statutes Cumulative Supplement, 2016.

9 Sec. 41. Since an emergency exists, this act takes effect when
10 passed and approved according to law.